

AUTHORIZING VESSELS OF CANADIAN REGISTRY TO TRANSPORT GRAIN BETWEEN UNITED STATES PORTS ON THE GREAT LAKES DURING 1951

AUGUST 2, 1951.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. HART, from the Committee on Merchant Marine and Fisheries,
submitted the following

R E P O R T

[To accompany H. R. 3436]

The Committee on Merchant Marine and Fisheries, to whom was referred the bill (H. R. 3436) authorizing vessels of Canadian registry to transport grain between United States ports on the Great Lakes during 1951, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

After the word "registry" in line 8 insert: ", when and to the extent certified by the Defense Transport Administration as to the need therefor,".

The purpose of this bill is to provide that section 27 of the Merchant Marine Act of 1920, and related acts, which prohibit the operation of foreign-flag vessels in our domestic trades, be waived as to Canadian grain-carrying vessels until December 31, 1951, or until such earlier time as the Congress by concurrent resolution or the President by proclamation may designate. The need for this legislation arises out of an acute shortage of boxcars in the Great Lakes area during the early part of this year, and the consequent possibility that an abnormally large quantity of grain stored in the upper Lakes area awaiting shipment would have to be transported by water. It was anticipated that there would be insufficient American-flag vessels to transport the required quantities of grain. Therefore, in the event of the occurrence of that situation, it was considered that permission for Canadian grain-carrying vessels to operate between United States ports would relieve the anticipated emergency.

Your committee held hearings on this measure and heard testimony from a number of Government and other witnesses representing both

the grain and shipping industries on the Great Lakes. It was shown during the course of the hearings that, although the grain movement would be quite large this year, the early opening of the Great Lakes navigation season and the relief of the boxcar shortage, among other factors, probably would prevent the materialization of the anticipated shortage of American-flag vessels to transport grain. However, since the heaviest movement of grain commences in September and extends through October and November, your committee understands that the possibility of an emergency need for additional tonnage in carriage of grain still exists. Therefore, legislation to meet such possible emergency is desirable.

In view of a definite shortage of vessels for carriage of iron ore needed by the United States steel mills, during the present emergency, your committee favorably reported on March 21, 1951, a bill (H. R. 2338) granting permission to vessels of Canadian registry to transport iron ore between United States ports on the Great Lakes during 1951. This bill was enacted into law as Public Law 15, Eighty-second Congress, first session, and approved March 29, 1951.

Referring to Public Law 15 and the prime importance of the ore movement the Defense Transport Administrator testified to the need for as much assistance as possible from Canadian vessels and warned that the unrestricted waiver as to grain vessels contained in H. R. 3436, as introduced, might have a detrimental effect on the movement of iron ore in Canadian bottoms between United States ports, particularly in view of the fact that the freight rate on grain is higher than the rate on iron ore. In order to avoid upsetting the ore movement, the Defense Transport Administrator suggested that Canadian vessels be permitted to carry grain only "when and to the extent certified by the Defense Transport Administration as to the need therefor." In view of all the factors concerned, your committee feels that legislation for the above stated purposes is desirable, but has amended H. R. 3436 so as to limit its operation only to those times and circumstances when additional bottoms for carriage of grain become of paramount importance. As provided in the bill as amended the determination of such times and circumstances will be vested in the discretion of the Defense Transport Administration.

The reports of the Department of Commerce and Department of Agriculture are as follows:

DEPARTMENT OF COMMERCE,
May 1, 1951.

HON. EDWARD J. HART,

*Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives, Washington, D. C.*

DEAR MR. CHAIRMAN: This letter is in further reply to your communication of March 26, 1951, requesting the comments of the Department concerning H. R. 3436, a bill authorizing vessels of Canadian registry to transport grain between United States ports on the Great Lakes during 1951.

The bill, if enacted, would permit vessels of Canadian registry to transport grain between United States ports on the Great Lakes until December 31, 1951, notwithstanding the provisions of the Merchant Marine Act of 1920, and related acts, which prohibit the operation of foreign-flag vessels in our domestic trade. The bill is similar to Public Law 15, Eighty-second Congress, which suspends the restriction as to Canadian vessels carrying iron ore for the current navigation season.

We are informed that due to the favorable opening of the navigation season on the Great Lakes this year, it appears that the anticipated shortage of bottoms to transport grain will not materialize and the American vessels will be able to handle the estimated grain tonnage adequately.

In addition to this change in the fact situation, it also seems likely that so to open the grain transport business to Canadian vessels might have an unfavorable effect upon the movement of iron ore in Canadian bottoms between United States ports as authorized by Public Law 15, Eighty-second Congress, because of the higher prevailing price which is paid for the transportation of grain. Iron ore is one of our most critical defense needs. The enactment of H. R. 3436 could result in a decrease in the tonnage of iron ore transported by the Canadian vessels because of the diversion of such vessels from ore transport to grain transport.

For the reasons stated above, therefore, the Department of Commerce does not recommend enactment at this time of H. R. 3436 in its present form. We would, however, interpose no objection to the enactment of stand-by authority for this purpose. An amendment to H. R. 3436, providing for the suspension of these shipping restrictions when and to the extent determined necessary by the Defense Transport Administration, would appear to provide for such authority.

The Bureau of the Budget advises us that it has no objection to the submission of this report. If we can be of further assistance to you in this matter, please call on us.

Sincerely yours,

C. DICKERMAN WILLIAMS,
Acting Secretary of Commerce.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, May 1, 1951.

HON. EDWARD J. HART,
*Chairman, Committee on the Merchant Marine and Fisheries,
House of Representatives.*

DEAR MR. HART: This is in reply to your request of March 26, 1951, for a report on H. R. 3436, a bill authorizing vessels of Canadian registry to transport grain between United States ports on the Great Lakes during 1951.

The Commodity Credit Corporation has substantial stocks of grain stored in terminals at the head of the Lakes and in country elevators, which would move most economically and logically via the Great Lakes to east coast ports for export. There is a decided shortage of Lake steamers under American flag for the carriage of this grain.

In view of the unprecedented boxcar shortage, it is believed that any steps taken to increase the availability of Lake steamers for the carriage of grain will alleviate proportionally the need to transport such grain by rail to meet the urgent export schedules. It is, therefore, recommended that your committee give favorable consideration to this bill.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

CHARLES F. BRANNAN, *Secretary.*



